

**IOWA VALLEY  
COMMUNITY COLLEGE DISTRICT**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

**June 30, 2012**

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## OFFICIALS

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
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### Board of Directors

Conrad DeJardin	President	2015
Yvonne Mallory	Vice President	2013
Debra Crosser	Member	2015
Larry Johnson	Member	2015
Deborah Jones	Member	2013
Delbert Kellogg	Member	2013
Paul Pohlson	Member	2015

### Community College

Dr. Christopher Duree	Chancellor
Kathy Pink	Chief Financial Officer and Board Treasurer
Barbara Jennings	Board Secretary

**IOWA VALLEY  
COMMUNITY COLLEGE DISTRICT**



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Iowa Valley Community College District  
Marshalltown, Iowa

We have audited the accompanying financial statements of Iowa Valley Community College District, Marshalltown, Iowa, and its aggregate discretely presented component units, except as discussed in the following paragraphs, as of and for the year ended June 30, 2012, which collectively comprise the College's basic financial statements listed in the table of contents. These financial statements are the responsibility of Iowa Valley Community College District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the component units were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

The financial statements of Marshalltown Community College Foundation and Ellsworth Community College Foundation (Foundations) have not been audited, and we were not engaged to audit the Foundations' financial statements as part of the District's basic financial statements. The Foundations' financial activities are included in the District's basic financial statements as discretely presented component units and represent 100% of the assets, net assets and revenues of the District's aggregate discretely presented component units.

Because the Foundations' financial statements have not been audited, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements of the aggregate discretely presented component units of Iowa Valley Community College District, Marshalltown, Iowa, as of and for the year ended June 30, 2012.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Iowa Valley Community College District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 7, 2013 on our consideration of Iowa Valley Community College District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 11 and 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Iowa Valley Community College District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of Iowa Valley Community College District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in blue ink that reads "Schumacher Company LLP". The signature is stylized and fluid.

Fort Dodge, Iowa  
January 7, 2013

## **IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Management of Iowa Valley Community College District (the District) provides this Management's Discussion and Analysis of the District's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **FINANCIAL HIGHLIGHTS**

- District operating revenues decreased 20%, or approximately \$4 million compared to fiscal year 2011. The reduction was primarily due to decreases in federal appropriations and miscellaneous revenue.
- District operating expenses decreased 4%, or approximately \$1.5 million compared to fiscal year 2011. The decrease was primarily due to decreases in general institution, administration, auxiliary and vocational technical.
- The District's net assets increased 10%, or approximately \$3.3 million from fiscal year 2011.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The basic financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. These provide information about the activities of the District as a whole and present an overall view of the District's finances.

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year, and supplementary information provides detailed information about the individual funds.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REPORTING THE DISTRICT AS A WHOLE

#### *The Statement of Net Assets*

The Statement of Net Assets presents the assets, liabilities, and net assets of the District as a whole, as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the District to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities, and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the District's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the District owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

#### Statement of Net Assets

	June 30	
	2012	2011
Current assets and other assets	\$ 25,617,256	\$ 26,506,035
Capital assets, net of accumulated depreciation	62,734,975	63,023,309
<b>Total assets</b>	<b>88,352,231</b>	<b>89,529,344</b>
Current liabilities	20,398,846	19,945,921
Noncurrent liabilities	29,903,889	34,870,829
<b>Total liabilities</b>	<b>50,302,735</b>	<b>54,816,750</b>
Net assets:		
Invested in capital assets, net of related debt	31,990,159	28,393,264
Restricted	2,397,109	2,277,810
Unrestricted	3,662,228	4,041,520
<b>Total net assets</b>	<b>\$ 38,049,496</b>	<b>\$ 34,712,594</b>

The largest portion of the District's net assets (84%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (6%) includes resources that are subject to external restrictions. The remaining net assets (10%) are the unrestricted net assets that can be used to meet the District's obligations as they come due.

**Fiscal Year 2012:** The District made principal payments on certificates, bonds and notes payable totaling approximately \$4,705,000 during fiscal year 2012 and made no additional borrowings.

**Fiscal Year 2011:** The District entered into dormitory revenue bond refunding totaling \$6,160,000 in order to lower interest rates. Prior to the refunding, interest rates ranged from 3.9% to 5.75%. After the refunding, the interest rates ranged from 3.00% to 4.65%.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REPORTING THE DISTRICT AS A WHOLE (CONTINUED)

#### *Statement of Revenues, Expenses and Changes in Net Assets*

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues of the District, both operating and non-operating, and the expenses incurred by the District, operating and non-operating, and any other revenues, expenses, gains and losses of the District.

In general, a public college such as Iowa Valley Community College District will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituents of the District. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

#### Changes in Net Assets

	Year Ended June 30	
	2012	2011
Operating revenues:		
Tuition and fees	\$ 6,499,035	\$ 5,706,354
Federal appropriations	2,903,967	4,379,551
Iowa Industrial New Jobs Training Program	187,996	734,179
Auxiliary enterprise revenue	4,940,960	5,300,121
Miscellaneous	2,089,301	4,622,167
Nonoperating revenues:		
State appropriations	8,216,581	8,404,161
Pell grant	5,630,353	6,158,052
Property tax	7,819,243	8,158,905
Interest income on investments	25,589	29,730
<b>Total revenues</b>	<b>38,313,025</b>	<b>43,493,220</b>
Operating expenses	33,630,118	35,103,290
Interest on indebtedness	1,467,805	1,669,208
<b>Total expenses</b>	<b>35,097,923</b>	<b>36,772,498</b>
Transfers from agency fund	121,800	269,985
<b>Increase in net assets</b>	<b>3,336,902</b>	<b>6,990,707</b>
Net assets beginning of year	34,712,594	27,721,887
Net assets end of year	<b>\$ 38,049,496</b>	<b>\$ 34,712,594</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REPORTING THE DISTRICT AS A WHOLE (CONTINUED)

#### *Total Revenue by Source*

In fiscal year 2012, operating revenues decreased by approximately \$4 million. The following factors represent the significant changes:

- Federal appropriations decreased approximately \$1,475,000 while miscellaneous revenue decreased approximately \$2,533,000. Additionally, NJTP revenues decreased approximately \$546,000. Tuition and fees increased approximately \$793,000 from 2011.

#### Operating Expenses

	Year Ended June 30	
	2012	2011
Education and Support:		
Liberal arts and sciences	\$ 7,361,840	\$ 7,028,139
Vocational technical	3,142,656	3,632,801
Adult education	3,910,942	3,934,731
Cooperative services	116,148	139,859
Administration	3,139,684	3,532,307
Student services	2,114,020	1,824,205
Learning resources	362,148	308,779
Physical plant	2,919,373	3,130,935
General institution	2,679,532	3,236,608
Auxiliary enterprises	5,225,057	5,738,336
Loan cancellations and bad debt	75,598	61,719
Depreciation	2,583,120	2,534,871
	<u>\$ 33,630,118</u>	<u>\$ 35,103,290</u>

#### *Total Expenses*

In fiscal year 2012, operating expenses decreased by approximately \$1.5 million. The following factors represent the significant changes:

- Vocational Technical costs decreased approximately \$490,000, Auxiliary enterprise costs decreased approximately \$513,000, General Institution decreased by approximately \$557,000 and Administration decreased by approximately \$392,000. Liberal arts and Sciences costs increased approximately \$333,000.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### REPORTING THE DISTRICT AS A WHOLE (CONTINUED)

#### *Statement of Cash Flows*

A statement included in Iowa Valley Community College District's basic financial statements is the Statement of Cash Flows. The Statement of Cash Flows is an important tool in helping users assess the District's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

#### **Cash Flows**

	<b>Year Ended June 30</b>	
	<b>2012</b>	<b>2011</b>
Cash provided by (used in):		
Operating activities	\$ (14,259,282)	\$ (13,919,043)
Noncapital financing activities	21,864,159	23,012,810
Capital and related financing activities	(8,477,290)	(7,473,026)
Investing activities	25,589	29,730
<b>Net increase (decrease) in cash</b>	<b>(846,824)</b>	<b>1,650,471</b>
Cash:		
Beginning	11,123,833	9,473,362
Ending	<b>\$ 10,277,009</b>	<b>\$ 11,123,833</b>

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations and local property taxes received by the District. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income received and the net change in pooled investments.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### CAPITAL ASSETS

At June 30, 2012, the District had approximately \$63 million invested in capital assets, net of accumulated depreciation of approximately \$25 million. Depreciation charges totaled \$2,583,120 for fiscal year 2012. Details of the capital assets are shown below.

#### Capital Assets (Excluding Component Units), Net

	Year Ended June 30	
	2012	2011
Land	\$ 3,463,786	\$ 3,463,786
Construction in progress	386,805	1,861,067
Buildings	55,764,884	54,503,126
Improvements other than buildings	826,035	740,113
Equipment and vehicles	2,293,465	2,455,217
<b>Totals</b>	<b>\$ 62,734,975</b>	<b>\$ 63,023,309</b>

More detailed information about the District's capital assets is presented in Note 3 to the financial statements.

### DEBT

At June 30, 2012, the District had approximately \$33 million in debt outstanding, a decrease of \$4,705,229 from fiscal year 2011. The table below summarizes these amounts by type.

#### Outstanding Debt

	Year Ended June 30	
	2012	2011
Certificates payable	\$ 2,660,000	\$ 3,480,000
Notes payable and revenue bonds	30,744,816	34,630,045
	<b>\$ 33,404,816</b>	<b>\$ 38,110,045</b>

More detailed information about the District's outstanding debt is presented in Note 4 to the basic financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### ECONOMIC FACTORS

Iowa Valley Community College District experienced an increase in the unrestricted general operating fund (fund 1) net assets of approximately \$272,000. This is an increase from the previous fiscal year's increase in unrestricted general operating fund net assets of approximately \$143,000.

Economic factors and trends that continue to draw a great deal of scrutiny by the District are:

- All state appropriations increased approximately \$204,800 in fiscal year 2012, an increase of less than 3%.
- Property tax valuations increased approximately \$137,000,000 or 3% for the 2013 collection year.
- Property tax from the .2025 fixed-rate levy comprised 3.6% of general operating fund revenue in fiscal year 2012.
- Tuition and fee revenue collections in the general operating fund were consistent and are the largest source of revenue for the fund, representing 55% of the total general operating fund revenues. While it is a significant amount of revenue, it is difficult to predict and budget due to the many variables that impact actual enrollment and the tuition and fees generated. Continued tuition rate increases create hardships for individuals seeking a college education and access to life-long learning opportunities.
- Student enrollment for fiscal year 2011 had a moderate increase for credit hours as compared to fiscal year 2010. In 2012 there was a decrease in credit hours of approximately 6.9%. The District must continue to be aggressive in recruiting and retaining students. The impact of enrollment on the fiscal condition of the District is significant and immediate.
- Industrial New Jobs Training (260E) Projects have provided valuable resources for area business and industry for the expansion and training of their labor forces. With the downturn of the economy in recent years, it has become increasingly difficult for area businesses and industries to meet long-term debt obligation commitments for the 260E projects. This is an area of concern that is continually monitored by the District.
- Labor costs to include health insurance represent 75% of expenditures in the unrestricted general operating fund. Labor costs increased as a result of the collective bargaining negotiated settlement.
- Utilities, custodial, and maintenance costs continue to rise primarily due to recent construction projects that have added a significant increase in physical plant square footage. Utility costs are funded by the fixed rate Plant Fund levy, and for Iowa Valley, these costs have grown to surpass the tax resource leaving no funds for maintenance. Those additional utility costs and maintenance expenditures then fall on the Unrestricted General Operating Fund.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Iowa Valley Community College District, 3702 South Center Street, Marshalltown, Iowa 50158.

**IOWA VALLEY  
COMMUNITY COLLEGE DISTRICT**



## **BASIC FINANCIAL STATEMENTS**

# IOWA VALLEY COMMUNITY COLLEGE DISTRICT

## STATEMENT OF NET ASSETS

June 30, 2012

<b>ASSETS</b>	<b>Primary Institution</b>
Current Assets:	
Cash and short-term investments	\$ 10,012,667
Restricted cash and short-term investments	264,342
Receivables:	
Accounts, net of allowance of \$3,173,725	3,103,139
Property tax:	
Delinquent	978,859
Succeeding year	7,966,038
Due from other governments	1,895,646
Inventories	311,306
Prepaid expenses	620,324
<b>Total current assets</b>	<b>25,152,321</b>
Noncurrent Assets:	
Receivables, Iowa Industrial New Jobs Training Program	464,935
Capital assets:	
Nondepreciable:	
Land	3,463,786
Construction in progress	386,805
Depreciable:	
Buildings	75,602,063
Improvements other than buildings	1,204,998
Equipment and vehicles	7,085,513
Accumulated depreciation	(25,008,190)
<b>Total noncurrent assets</b>	<b>63,199,910</b>
 <b>Total assets</b>	 <b>\$ 88,352,231</b>

See Notes to Basic Financial Statements.

**Exhibit A**

<b>LIABILITIES AND NET ASSETS</b>	<b>Primary Institution</b>
<b>Current Liabilities:</b>	
Accounts payable	\$ 735,469
Salaries and benefits payable	1,685,905
Accrued interest on notes and certificates payable	146,700
Deferred revenue:	
Succeeding year property tax	7,966,038
Other	2,764,435
Early retirement payable	558,867
Compensated absences	318,912
Certificates payable	820,000
Notes payable, revenue and general obligation bonds	4,026,565
Deposits held in custody for others	1,375,955
<b>Total current liabilities</b>	<b>20,398,846</b>
<b>Noncurrent Liabilities:</b>	
Early retirement payable	1,060,104
OPEB payable	285,534
Certificates payable	1,840,000
Notes payable, revenue and general obligation bonds	26,718,251
<b>Total noncurrent liabilities</b>	<b>29,903,889</b>
<b>Total liabilities</b>	<b>50,302,735</b>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	31,990,159
Restricted for:	
Expendable:	
Scholarships and fellowships	17,601
Cash reserve	264,342
Loans	33,532
Iowa Industrial New Jobs Training Program	414,523
Other	1,667,111
Unrestricted	3,662,228
<b>Total net assets</b>	<b>38,049,496</b>
<b>Total liabilities and net assets</b>	<b>\$ 88,352,231</b>

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT****Exhibit B****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
Year Ended June 30, 2012**

	<b>Primary Institution</b>
<b>Revenues:</b>	
Operating revenues:	
Tuition and fees, net of scholarship allowances of \$6,069,431	\$ 6,499,035
Federal appropriations	2,903,967
Iowa Industrial New Jobs Training Program	187,996
Auxiliary enterprises revenue	4,940,960
Miscellaneous	2,089,301
<b>Total operating revenues</b>	<b>16,621,259</b>
<b>Expenses:</b>	
Operating expenses:	
Education and support:	
Liberal arts and sciences	7,361,840
Vocational technical	3,142,656
Adult education	3,910,942
Cooperative services	116,148
Administration	3,139,684
Student services	2,114,020
Learning resources	362,148
Physical plant	2,919,373
General institution	2,679,532
Auxiliary enterprises	5,225,057
Loan cancellations and bad debt	75,598
Depreciation	2,583,120
<b>Total operating expenses</b>	<b>33,630,118</b>
<b>Operating (loss)</b>	<b>(17,008,859)</b>

(Continued on next page)

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT****Exhibit B  
(Continued)****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
Year Ended June 30, 2012**

	<b>Primary Institution</b>
Nonoperating revenues (expenses):	
State appropriations	\$ 8,216,581
Pell grant	5,630,353
Property tax	7,819,243
Investment earnings	25,589
Interest on indebtedness	(1,467,805)
<b>Net nonoperating revenues (expenses)</b>	<b>20,223,961</b>
<b>Change in net assets</b>	<b>3,215,102</b>
Transfers from agency fund	121,800
<b>Total change in net assets</b>	<b>3,336,902</b>
Net assets beginning of year	34,712,594
Net assets end of year	<u><u>\$ 38,049,496</u></u>

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT****Exhibit C****STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2012**

	<b>Primary Institution</b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from tuition and fees	\$ 6,499,035
Cash received from federal appropriations	3,202,125
Cash received from Iowa Industrial New Jobs Training Program	593,094
Payments to employees for salaries and benefits	(20,313,539)
Payments to suppliers for goods and services	(16,288,195)
Auxiliary enterprise receipts	5,013,824
Other receipts	7,034,373
<b>Net cash used by operating activities</b>	<b>(14,259,283)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Transfers from agency funds	121,800
State appropriations	8,216,581
Pell grant	5,630,353
Property tax	7,542,519
Miscellaneous Agency Fund receipts	10,732,025
Miscellaneous Agency Fund disbursements	(10,379,119)
<b>Net cash provided by non-capital financing activities</b>	<b>21,864,159</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition of capital assets	(2,294,785)
Principal paid on debt	(4,705,229)
Interest paid on debt	(1,477,275)
<b>Net cash used by capital and related financing activities</b>	<b>(8,477,289)</b>
<b>Cash Flows from Investing Activities:</b>	
Interest from investments	25,589
<b>Net cash provided by investing activities</b>	<b>25,589</b>
<b>Net increase in cash and short-term pooled investments</b>	<b>(846,824)</b>
Cash and short-term pooled investments beginning of year	11,123,833
Cash and short-term pooled investments end of year	\$ 10,277,009

(Continued on next page)

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT****Exhibit C  
(Continued)****STATEMENT OF CASH FLOWS****Year Ended June 30, 2012**

	<b>Primary Institution</b>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (17,008,859)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	2,583,120
Changes in assets and liabilities:	
Increase in accounts receivable	250,705
Increase in Iowa Industrial New Jobs Training Program	(59,837)
Increase in due from other governments	37,351
Increase in inventories	63,034
Increase in prepaid expenses	(31,868)
(Decrease) in accounts payable	(128,710)
Increase in salaries and benefits payable	(65,796)
Increase in early retirement and OPEB liability	(68,224)
(Decrease) in compensated absences	(4,690)
Increase in other deferred revenue	<u>174,491</u>
<b>Total adjustments</b>	<u>2,749,576</u>
<b>Net cash used by operating activities</b>	<u><u>\$ (14,259,283)</u></u>
 <b>Summary of Cash and Short-term Pooled Investments as of June 30, 2012:</b>	
Cash and short-term investments	\$ 10,012,667
Restricted cash and short-term investments	<u>264,342</u>
	<u><u>\$ 10,277,009</u></u>

See Notes to Basic Financial Statements.

## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

Exhibit D

**COMBINING STATEMENT OF NET ASSETS -  
Component Units - Foundations (Unaudited)  
December 31, 2011**

	<b>Marshalltown Community College District Foundation</b>	<b>Ellsworth College Foundation</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and short-term investments	<b>\$ 543,062</b>	<b>\$ 1,449,791</b>	<b>\$ 1,992,853</b>
	<b>543,062</b>	<b>1,449,791</b>	<b>1,992,853</b>
Noncurrent Assets:			
Investments	<b>3,350,366</b>	<b>1,520,506</b>	<b>4,870,872</b>
Capital assets	<b>23,000</b>	<b>430,500</b>	<b>453,500</b>
	<b>3,373,366</b>	<b>1,951,006</b>	<b>5,324,372</b>
<b>Total assets</b>	<b>\$ 3,916,428</b>	<b>\$ 3,400,797</b>	<b>\$ 7,317,225</b>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities	<b>\$ -</b>	<b>\$ 537,045</b>	<b>\$ 537,045</b>
Net assets:			
Restricted for scholarships and fellowships	<b>-</b>	<b>2,368,409</b>	<b>2,368,409</b>
Unrestricted	<b>3,916,428</b>	<b>495,343</b>	<b>4,411,771</b>
<b>Total net assets</b>	<b>3,916,428</b>	<b>2,863,752</b>	<b>6,780,180</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,916,428</b>	<b>\$ 3,400,797</b>	<b>\$ 7,317,225</b>

See Notes to Basic Financial Statements.



## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

Exhibit E

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -  
Component Units - Foundations (Unaudited)  
Year Ended December 31, 2011**

	<b>Marshalltown Community College District Foundation</b>	<b>Ellsworth College Foundation</b>	<b>Total</b>
Revenues:			
Operating revenues:			
Contributions	\$ 531,619	\$ 136,214	\$ 667,833
Special events and grants	98,259	170,252	268,511
<b>Total operating revenues</b>	<b>629,878</b>	<b>306,466</b>	<b>936,344</b>
Expenses:			
Operating expenses:			
Scholarships and grants	309,811	212,702	522,513
Miscellaneous	151,711	126,432	278,143
Administration	94,895	122,436	217,331
<b>Total operating expenses</b>	<b>556,417</b>	<b>461,570</b>	<b>1,017,987</b>
<b>Operating income (loss)</b>	<b>73,461</b>	<b>(155,104)</b>	<b>(81,643)</b>
Nonoperating revenue (expenses), investment earnings	105,724	(1,637)	104,087
<b>Increase (decrease) in net assets</b>	<b>179,185</b>	<b>(156,741)</b>	<b>22,444</b>
Net assets:			
Beginning	3,737,243	3,020,493	6,757,736
Ending	\$ 3,916,428	\$ 2,863,752	\$ 6,780,180

See Notes to Basic Financial Statements.

## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Summary of Significant Accounting Policies**

Iowa Valley Community College District is a publicly supported school established and operated by Merged Area VI under the provisions of Chapter 260C of the Code of Iowa. The District offers programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. It also offers up to two years of vocational or technical education, as well as training or retraining to persons who are preparing to enter the labor market. The District maintains campuses in Marshalltown, Iowa Falls and Grinnell, Iowa, and has its administrative offices in Marshalltown. The District is governed by a Board of Directors whose members are elected from each director district within Merged Area VI.

The College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### **A. Reporting Entity**

For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions and authorities. The College has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

These financial statements present the District (the primary government) and its component units. The component units discussed below are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. The component units are unaudited.

#### *Discretely Presented Component Units*

Marshalltown Community College District Foundation is a legally separate, not-for-profit foundation. The Foundation was established for the purpose of providing scholarships to students and other support for the benefit of Marshalltown Community College, a part of Iowa Valley Community College District. The Foundation is governed by a separate Board of Directors. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Marshalltown Community College.

Ellsworth Community College District Foundation is a legally separate, not-for-profit foundation. The Foundation was established for the purpose of providing scholarships to students and other support for the benefit of Ellsworth Community College, a part of Iowa Valley Community College District. The Foundation is governed by a separate Board of Directors. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Ellsworth Community College.

The discretely presented component units operate on a December 31 year-end. Separate unaudited financial statements can be obtained at Iowa Valley Community College District, 3702 South Center Street, Marshalltown, Iowa 50158.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### B. Basis of Presentation

GASB Statement No. 35, establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net asset categories:

Invested in Capital Assets, Net of Related Debt: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition or improvement of those assets.

Restricted Net Assets:

*Nonexpendable* – Net assets subject to externally-imposed stipulations that they be maintained permanently by the District, including the District's permanent endowment funds.

*Expendable* – Net assets whose use by the District is subject to externally-imposed stipulations that can be fulfilled by actions of the District, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets: Net assets that are not subject to externally-imposed stipulations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and general programs of the District.

GASB Statement No. 35 also requires the Statements of Net Assets, Revenues, Expenses and Changes in Net Assets, and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

#### C. Measurement Focus and Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the District have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Liabilities and Net Assets

Cash and Short-term Pooled Investments: For purposes of the statement of cash flows, all short-term deposits or cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily converted to known amounts of cash and, at the date of purchase, have a maturity no longer than three months.

Investments: Investments are stated at their fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Due from Other Governments: This represents state aid, grants and reimbursements due from the State of Iowa and grants and reimbursements due from the Federal government.

Inventories: Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Property Tax Receivable: Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Directors to the appropriate County Auditors. Delinquent property tax receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP): This represents the amount to be remitted to the District for training projects entered into between the District and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2012 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets: Capital assets, which include land, buildings, improvements other than buildings, equipment and vehicles and construction-in-process, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the District was \$1,467,805 and \$61,708 was capitalized in connection with the District's construction projects.

Capital assets are defined by the District as assets with initial, individual costs in excess of \$5,000.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Liabilities and Net Assets (Continued)

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings	40
Improvements other than buildings	20
Equipment	5 - 20
Vehicles	5

The District does not capitalize or depreciate library books. The collection is unencumbered, held for public education, protected, cared for and preserved, and the proceeds from the sale of library books, if any, are not material to the District.

Salaries and Benefits Payable: Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue: Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been earned. Deferred revenue consists primarily of unspent grant proceeds and the succeeding year property tax receivable.

Compensated Absences: District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2012.

Accrued Interest Payable: Interest on long-term indebtedness is recorded as a liability when the interest is incurred.

Deposits Held in Custody for Others: These deposits consist primarily of funds for student organizations and 260F agreements.

Refundable Advances on Student Loans: The Perkins Federal Loan program requires a return of federal capital contribution if the United States Government terminates the program.

Auxiliary Enterprise Revenues and Expenses: Auxiliary enterprise revenues and expenses primarily represent revenues generated and expenses associated with the bookstore, cafeteria, athletics and housing. Revenues are recognized when goods or services are provided.

Summer Session: The District operates summer sessions during May, June and July including Internet sessions. Revenues and expenses for the regular and Internet summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the District Registrar.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Liabilities and Net Assets (Continued)

Tuition and Fees: Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses. Tuition revenue is recognized as earned by providing classes.

Income Taxes: The District is exempt from income tax as a local government unit. The Marshalltown Community College District Foundation and the Ellsworth College Foundation have qualified for exemption from income tax under Section 501c(3) of the Internal Revenue Code.

Operating and Nonoperating Activities: Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities include state appropriations; Pell grants, property tax and interest income.

Transfers: Transfers from agency funds were primarily composed of amounts from student fees used in support of athletics.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Net Assets: Net assets are classified according to restrictions or availability of assets for satisfaction of District obligations. Invested in capital assets, net of related debt represents the net value of capital assets less the debt incurred to acquire or construct the assets and the borrowed resources not yet expended, but restricted for capital purchases. Restricted net assets represent the amounts segregated for specific purposes as allowed by the Code of Iowa, bond covenants, donors or outside agencies. All remaining net assets are unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Scholarship Allowances and Student Aid: Financial aid to students is reported in the financial statements under the alternative method, as presented by the National Association of College and University Business Officials (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total college basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

Subsequent Events: Subsequent events have been evaluated through January 7, 2013, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk: The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District is authorized by statute to invest public funds in obligations of the United States government; its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage ditch.

Concentration of credit risk: The District's general investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. The District's investment policy seeks to provide safety of the principal, maintain the necessary liquidity to match expected liabilities and obtain a reasonable rate of return. The policy does not allow the District to invest in reverse purchase agreements, futures or options. The District did not have any investments in any one issuer that represents 5% or more of total District investments. Money market funds and mutual funds are excluded from this consideration given that the District does not "hold" the underlying investments.

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. It is the District's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default.

Investments consist principally of certificates of deposit at June 30, 2012 and total \$2,750,000. These investments are included within cash and short-term investments on the Statement of Net Assets.

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 3,463,786	\$ -	\$ -	\$ 3,463,786
Construction in progress	1,861,067	386,805	1,861,067	386,805
<b>Total capital assets not being depreciated</b>	<b>5,324,853</b>	<b>386,805</b>	<b>1,861,067</b>	<b>3,850,591</b>
Capital assets being depreciated:				
Buildings	72,257,446	3,344,617	-	75,602,063
Improvements other than buildings	1,082,535	122,463	-	1,204,998
Equipment and vehicles	6,956,219	301,967	172,673	7,085,513
<b>Total capital assets being depreciated</b>	<b>80,296,200</b>	<b>3,769,047</b>	<b>172,673</b>	<b>83,892,574</b>
Less accumulated depreciation for:				
Buildings	17,754,320	2,082,859	-	19,837,179
Improvements other than buildings	342,422	36,541	-	378,963
Equipment and vehicles	4,501,001	463,720	172,673	4,792,048
<b>Total accumulated depreciation</b>	<b>22,597,743</b>	<b>2,583,120</b>	<b>172,673</b>	<b>25,008,190</b>
<b>Total capital assets being depreciated, net</b>	<b>57,698,457</b>	<b>1,185,927</b>	<b>-</b>	<b>58,884,384</b>
<b>Capital assets, net</b>	<b>\$ 63,023,310</b>	<b>\$ 1,572,732</b>	<b>\$ 1,861,067</b>	<b>\$ 62,734,975</b>



## NOTES TO FINANCIAL STATEMENTS

### Note 4. Changes in Noncurrent Liabilities

A summary of changes in noncurrent liabilities for the year ended June 30, 2012 is as follows:

	Compensated Absences	Early Retirement Payable	OPEB Payable	Certificates Payable	Notes Payable, Revenue and General Obligation	Total
Balance, beginning of year	\$ 323,602	\$ 1,774,313	\$ 198,416	\$ 3,480,000	\$ 34,630,045	\$ 40,406,376
Additions	318,912	408,290	87,118	-	-	814,320
Reductions	323,602	563,632	-	820,000	3,885,229	5,592,463
Balance, end of year	318,912	1,618,971	285,534	2,660,000	30,744,816	35,628,233
Less current portion	(318,912)	(558,867)	-	(820,000)	(4,026,565)	(5,724,344)
Total noncurrent liabilities	\$ -	\$ 1,060,104	\$ 285,534	\$ 1,840,000	\$ 26,718,251	\$ 29,903,889

### Notes Payable, Revenue and General Obligation Bonds:

The District has issued notes payable, revenue and general obligation bonds for the purchase and construction of District properties as allowed by Section 260C.19 of the Code of Iowa. Details of scheduled maturities for the District's June 30, 2012 notes payable, revenue and general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 4,026,565	\$ 1,182,409	\$ 5,208,974
2014	4,173,312	1,035,135	5,208,447
2015	4,320,055	882,080	5,202,135
2016	4,386,134	724,499	5,110,633
2017-2019	7,903,750	1,272,129	9,175,879
2020-2024	2,745,000	1,117,664	3,862,664
2025-2029	2,735,000	457,482	3,192,482
2030	455,000	21,157	476,157
<b>Total</b>	<b>\$ 30,744,816</b>	<b>\$ 6,692,555</b>	<b>\$ 37,437,372</b>

## NOTES TO FINANCIAL STATEMENTS

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### Note 4. Changes in Noncurrent Liabilities (Continued)

#### Notes Payable, Revenue and General Obligation Bonds (continued)

Notes payable, revenue and general obligation bonds consisted of the following principal balances as of June 30, 2012:

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General obligation bonds dated April 1, 2009, with interest rates between 2.45% and 3.85%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of June 1, 2019. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	\$ 4,450,000
Dormitory revenue bonds dated December 1, 2010, with interest rates between 3.00% and 4.65%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of May 1, 2030. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	5,925,000
Student housing revenue refund bonds dated June 1, 2008, with interest rates between 2.75% and 4.70%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of May 1, 2026. The real estate, student housing facilities and related personal property are collateral for the debt.	895,000
General obligation bonds dated February 1, 2007, with interest rates between 3.50% and 4.00%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of June 1, 2017. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	10,950,000
Dormitory revenue bonds dated October 1, 2007, with interest rates between 4.25% and 5.40%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of May 1, 2027. The revenue stream, real estate, student housing facilities and related personal property are collateral for the debt.	1,975,000

## NOTES TO FINANCIAL STATEMENTS

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### Note 4. Changes in Noncurrent Liabilities (Continued)

#### Notes Payable, Revenue and General Obligation Bonds (continued)

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General obligation bonds dated June 1, 2008, with interest rates between 3.25% and 3.65%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of June 1, 2019. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	\$ 5,735,000
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U.S. Department of Agriculture, Rural Economic Development loan dated December 2008, with interest rate of 0%. Principal payments in varying amounts are due annually, with a maturity date of May 1, 2018. The revenue stream, real estate, dormitory facilities and related personal property are collateral for the debt.	243,750
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Alliant Energy contracts dated January 2010, with an interest rate of approximately 6.30%. Principal and interest payments of a total of \$10,477 are due monthly with a maturity date of March 2016. Equipment is collateral for the debt.	391,066
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U.S. Department of Agriculture, Rural Economic Development loan dated December 2009, with interest rate of 0%. Principal payments of \$60,000 are due annually, with a maturity date of December 1, 2014. Agricultural and Renewable Energy Center on the ECC campus is collateral for the debt.	180,000
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	\$ 30,744,816
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#### Certificates Payable:

Pursuant to agreements dated from June 2003 to June 2010, the District has outstanding certificates totaling \$2,660,000 as of June 30, 2012, with net interest rates ranging from 2.30% to 6.25% per annum. The debt was issued to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries that are new or are expanding their operations within the state of Iowa. Interest is payable semiannually, while principal payments are due annually. Amounts due will be paid from anticipated job credits, from withholding taxes, incremental property taxes, and in the case of default, from standby property taxes collected pursuant to Chapter 260E.

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Changes in Noncurrent Liabilities (Continued)

#### Certificates Payable:

The certificates will mature as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 820,000	\$ 90,838	\$ 910,838
2014	515,000	64,098	579,098
2015	270,000	51,850	321,850
2016	275,000	38,240	313,240
2017	220,000	10,390	230,390
2018-2019	560,000	27,850	587,850
	<u>\$ 2,660,000</u>	<u>\$ 283,266</u>	<u>\$ 2,943,266</u>

Since inception, the District has administered 115 projects, with 23 currently receiving project funding. Of the remaining projects, 92 have been completed and closed.

### Note 5. Operating Leases

The District leases certain property under operating leases that expire at varying dates. Most of the operating leases provide the District with the option to renew the lease at a fair rental value at the end of the initial lease term. Generally, management expects that the leases will be renewed or replaced by other leases in the normal course of business. Minimum payments for operating leases having initial or remaining noncancelable terms in excess of one year are as follows:

Year Ending June 30	Amount
2013	\$ 280,435
2014	229,770
2015	85,670
	<u>\$ 595,875</u>

Total rent expense for all operating leases was \$250,527 for the year ended June 30, 2012.

### Note 6. Iowa Public Employees Retirement System (IPERS)

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

## NOTES TO FINANCIAL STATEMENTS

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### **Note 6. Iowa Public Employees Retirement System (IPERS) (Continued)**

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$551,206, \$475,993 and \$392,848, respectively, equal to the required contributions for each year.

### **Note 7. Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF)**

The District contributes to the TIAA-CREF retirement program that is a defined contribution plan. TIAA administers the retirement plan for the District. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible District employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 5.38% and the District is required to contribute 8.07%. The District's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2012 were \$486,067 and \$293,395, respectively.

### **Note 8. Early Retirement**

The District approved an Early Retirement Incentive Plan (ERIP) effective May 9, 2012. The plan expired on June 30, 2012.

To be eligible for ERIP, an employee must be employed full-time and be 55 years of age with 10 or more years of continuous service with the District. Retirement is to be effective June 30, 2012. Participation must be approved by the Chancellor.

An employee approved for participation in the program will receive the following incentives:

1. Early Retirement Incentive lump-sum cash severance amount of up to 50% of the employee's annual salary during the year of the request.
2. The employee's single deductible health insurance premium shall be paid on a monthly basis until the retiree becomes eligible for Medicare.

The employee received the cash benefits in 36 equal installments commencing on July 15, 2012. The lump-sum payment liability is \$668,405 and is recorded as early retirement payable.

The current year cost to the District was \$408,290 including 41 participants in the health insurance plan. The liability for the participation in the health plan is \$950,566 and is recorded as early retirement payable. This portion of the liability will be paid over the next eight years. The liability was calculated using the District's share of health premiums at the time of retirement to estimate costs.

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Risk Pool

The District is a member of the Insurance Management Program for Area Community Colleges (IMPACC), as allowed by Chapter 504A of the Code of Iowa. IMPACC (Program) is a risk-sharing pool whose members include Iowa Community Colleges. The Program was incorporated in May 1988 for the purpose of managing and funding insurance for its members and to provide general liabilities, automobile liability, automobile physical damage, public official bonds, property and inland marine, errors and omissions and School Board legal liability, workers' compensation and employers liability, crime insurance, fiduciary bonds, and boiler and machinery insurance coverage for its member colleges. There have been no reductions in insurance coverage from prior years.

The member's annual contributions are to fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, IMPACC's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year. The District's contributions to the risk-sharing pool are recognized as expenditures at the time of payment. The District's total contributions to IMPACC for the year ended June 30, 2012 were \$1,008,813.

The College's contributions to the risk pool are recorded as prepaid expense from its operating funds at the time of payment to the risk pool. The College amortizes the expense over the periods for which the pool is expected to provide coverage.

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self-insured retention of \$200,000 per claim, except for errors and omissions that has a retention of \$100,000. Excess insurance for all lines is \$800,000 per occurrence, except for errors and omissions that is \$900,000 and workers' compensation that is \$300,000. There is additional excess above that for another \$9,000,000 per member. Property is insured with excess coverage over the self-insured retention of up to \$250,000,000. Flood and earthquake exposures are covered in the property program each having \$16,000,000 limits. Also covered is employee fidelity up to \$1,000,000 and boiler and machinery coverage up to \$100,000,000. Stop gap loss protection is provided above the member's loss fund.

In the event any claim or series of claims exceed the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The District does not report a liability for losses in excess of reinsurance unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2012, no liability has been recorded in the College's financial statements. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance coverage in any of the past three fiscal years.

Members agree to continue membership for a period of not less than three full years. After such period, a member who has given sufficient notice, in compliance with the By-laws, may withdraw from the Program. Upon withdrawal, payments for all claims and claims expenses for the years of membership continue until all claims for those years are settled.

The College also carries commercial insurance purchased from other insurers for coverage associated with catastrophic, accidental death and dismemberment, and underground storage tanks. The College assumes liability for any deductibles and claims in excess of coverage limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## NOTES TO FINANCIAL STATEMENTS

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### Note 10. Other Post employment Benefits Plan (OPEB)

Plan Description - The District operates a single-employer other post employment benefit plan that provides medical benefits to all active (251) and retired employees (41). All full-time or regular part-time administrator, faculty, professional service or support staff employees are eligible to participate in the Plan. The employees must have terminated service with the District through retirement after the age of 55 and have worked for the District for the most recent 10 consecutive years of service.

Medical Benefit: The District provides medical benefits through a plan, purchased from Wellmark Bluecross/Blueshield. Retirees under age 65 pay the same premium for the medical benefit as active employees which results in an implicit subsidy and OPEB liability.

Funding Policy - The District establishes and amends contribution requirements. The District pays the single retiree premium until age 65; eligible family is required to contribute 100% of the premium. The current funding policy of the District is to fund benefits on a pay-as-you-go basis. This arrangement does not qualify as other postemployment benefits (OPEB) plan assets under Governmental Accounting Standards Board (GASB) Statement No. 45 for current GASB reporting.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 337,538
Interest on OPEB obligation	6,177
Adj correction of beg bal	21,067
Annual OPEB cost	<u>364,782</u>
Contributions and payments made	<u>(277,665)</u>
<b>Increase in net OPEB obligation</b>	<b>87,117</b>
 Net OPEB obligation - July 1, 2011	 <u>198,417</u>
 Net OPEB obligation - June 30, 2012	 <u><u>\$ 285,534</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### Note 10. Other Post employment Benefits Plan (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued) - The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2012 and the three preceding years follows. Fiscal year ended June 30, 2009 was the adoption year of GASB Statement No. 45.

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2009	\$ 240,313	43.91%	\$ 134,797
June 30, 2010	263,442	92.91%	153,719
June 30, 2011	308,037	85.49%	198,416
<b>June 30, 2012</b>	<b>364,783</b>	<b>76.12%</b>	<b>285,535</b>

Funded Status and Funding Progress – The results of the July 1, 2010 valuation were rolled forward to June 30, 2012. As of July 1, 2010, the most recent actuarial valuation, the plan was 0% funded. The District's actuarial accrued liability for benefits was \$2,392,229, and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$2,392,229. The covered payroll (annual payroll of active employees covered by the plan) was \$14,516,149 and the ratio of the UAAL to covered payroll was 16.48%.

Actuarial Methods and Assumptions - Actuarial estimates of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the Notes to Financial Statements, will present multiyear information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. In the current year, the schedule of funding progress presents only the initial year trend information.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5 % discount rate, an annual health care cost trend rate of 6.0%. The UAAL is being amortized as a level dollar amount. The amortization of UAAL is done over a period of 30 years.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2009 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2009.



**IOWA VALLEY  
COMMUNITY COLLEGE DISTRICT**

## **REQUIRED SUPPLEMENTARY INFORMATION**

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF FUNDING PROGRESS  
FOR THE POSTRETIREMENT MEDICAL BENEFIT PLAN  
Year Ended June 30, 2012  
(In Thousands)**

**Required Supplementary Information**

<b>Fiscal Year Ended</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) / c)</b>
June 30, 2009	July 1, 2008	\$ -	\$2,353,920	\$ (2,353,920)	0%	\$ 13,522,025	17.41%
June 30, 2010	July 1, 2008	-	2,353,920	(2,353,920)	0	13,425,127	17.53
June 30, 2011	July 1, 2010	-	2,392,229	(2,392,229)	0	14,004,887	17.08
June 30, 2012	July 1, 2010	-	2,392,229	(2,392,229)	0	14,516,149	16.48

Note: Fiscal year 2009 is the transition year for GASB Statement No. 45.

The information presented in the required supplementary information schedule was determined as part of the actuarial valuation as of July 1, 2010. Additional information follows:

1. The cost method used to determine the ARC is the projected unit credit actuarial cost method.
2. There are no plan assets.
3. Economic assumptions are as follows: Healthcare cost trend rate of 6%, discount rate of 2.5%.
4. The amortization method is level dollar over a period of 30 years.

## **SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES -  
BUDGET AND ACTUAL  
Year Ended June 30, 2012**

<b>Funds/Levy</b>	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Between Actual and Amended Budget</b>
Unrestricted	\$ 22,164,428	\$ 20,639,939	\$ 1,524,489
Restricted	4,637,053	2,568,637	2,068,416
Unemployment	60,171	51,706	8,465
Tort liability	93,249	-	93,249
Insurance	1,057,201	1,106,675	(49,474)
Early retirement	532,575	425,228	107,347
Equipment replacement	361,295	318,451	42,844
Standby	100,000	-	100,000
<b>Total restricted</b>	<b>6,841,544</b>	<b>4,470,697</b>	<b>2,370,847</b>
Plant	1,552,913	3,089,669	(1,536,756)
Bonds and interest	4,253,043	1,298,539	2,954,504
<b>Total</b>	<b>\$ 34,811,928</b>	<b>\$ 29,498,844</b>	<b>\$ 5,313,084</b>

See Note to Supplementary Information on Budgetary Reporting.

## **IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

### **NOTE TO BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES**

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The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the District on a basis consistent with U.S. generally accepted accounting principles. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutory prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Workforce Investment Act accounts, Iowa Code 260F Jobs Training, scholarships and grants account, Loan Funds and Agency Funds.

For the year ended June 30, 2012, the District's expenditures did not exceed the amount budgeted.

See accompanying Independent Auditor's Report.

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**BALANCE SHEET - ALL FUNDS**

**June 30, 2012**

	Current Funds	
	General Unrestricted Funds	General Restricted Funds
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and short-term investments	\$ 3,555,282	\$ 5,079,675
Restricted cash and short-term investments	-	264,342
Receivables:		
Accounts, net of allowance of \$3,173,725	2,022,667	293,157
Property tax	843,087	2,956,070
Iowa Industrial New Jobs Training Program	-	464,935
Due from other governments	(349)	1,395,709
Due from other funds	-	898,524
Inventories	311,306	
Prepaid expenses	417,243	69
Capital assets:		
Nondepreciable:		
Land	-	-
Construction in progress	-	
Depreciable:		
Buildings	-	-
Improvements other than buildings	-	-
Equipment and vehicles	-	-
Accumulated depreciation	-	-

See Note to Supplementary Information.

**Schedule 2**

Nonoperating Funds									
Loan Funds		Plant Funds	Agency Funds	Adjustments	Total				
\$	-	\$	-	\$	1,377,710	\$	-	\$	10,012,667
	-		-		-		-		264,342
	-		725,926		61,389		-		3,103,139
	-		5,145,740		-		-		8,944,897
	-		-		-		-		464,935
	84,644		413,802		1,840		-		1,895,646
	-		-		-		(898,524)		-
	-		-		-		-		311,306
	-		200,797		2,215		-		620,324
	-		3,463,786		-		-		3,463,786
	-		386,805		-		-		386,805
	-		75,602,063		-		-		75,602,063
	-		1,204,998		-		-		1,204,998
	-		7,085,513		-		-		7,085,513
	-		-		-		(25,008,190)		(25,008,190)
\$	84,644	\$	94,229,430	\$	1,443,154	\$	(25,906,714)	\$	88,352,231



# IOWA VALLEY COMMUNITY COLLEGE DISTRICT

## BALANCE SHEET - ALL FUNDS

June 30, 2012

	Current Funds	
	General Unrestricted Funds	General Restricted Funds
<b>Liabilities and Fund Balances</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 288,169	\$ 149,002
Salaries and benefits payable	1,671,979	13,926
Accrued interest on notes and certificates payable	-	11,086
Deferred revenue:		
Succeeding year property tax	833,293	2,045,909
Other	307,453	2,456,982
Due to other funds	-	-
Early retirement payable	-	1,618,971
Deposits held in custody for others	-	-
Compensated absences	311,877	-
OPEB payable	250,535	33,028
Certificates payable	-	2,660,000
Notes payable, revenue and general obligation bonds	-	-
<b>Total liabilities</b>	<b>3,663,306</b>	<b>8,988,904</b>
<b>Fund balances:</b>		
Invested in capital assets, net of related debt	-	-
Restricted:		
Expendable:		
Scholarships and fellowships	-	17,601
Cash reserve	-	264,342
Loans	-	-
Iowa Industrial New Jobs Training Program	-	414,523
Other	-	1,667,111
Auxiliary enterprises	825,971	-
Unrestricted	2,659,959	-
<b>Total fund balances</b>	<b>3,485,930</b>	<b>2,363,577</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,149,236</b>	<b>\$ 11,352,481</b>

See Note to Supplementary Information.

**Schedule 2  
(Continued)**

<b>Nonoperating Funds</b>				
<b>Loan Funds</b>	<b>Plant Funds</b>	<b>Agency Funds</b>	<b>Adjustments</b>	<b>Total</b>
\$ -	\$ 246,786	\$ 51,512	\$ -	\$ 735,469
-	-	-	-	1,685,905
-	128,933	6,681	-	146,700
-	5,086,836	-	-	7,966,038
-	-	-	-	2,764,435
51,112	847,412	-	(898,524)	-
-	-	-	-	1,618,971
-	-	1,375,955	-	1,375,955
-	-	7,035	-	318,912
-	-	1,971	-	285,534
-	-	-	-	2,660,000
-	30,744,816	-	-	30,744,816
51,112	37,054,783	1,443,154	(898,524)	50,302,735
-	56,998,349	-	(25,008,190)	31,990,159
-	-	-	-	17,601
-	-	-	-	264,342
33,532	-	-	-	33,532
-	-	-	-	414,523
-	-	-	-	1,667,111
-	-	-	-	825,971
-	176,298	-	-	2,836,257
33,532	57,174,647	-	(25,008,190)	38,049,496
\$ 84,644	\$ 94,229,430	\$ 1,443,154	\$ (25,906,714)	\$ 88,352,231

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL FUNDS**

**Year Ended June 30, 2012**

	<b>Current Funds</b>		
	<b>General Unrestricted Funds</b>	<b>General Restricted Funds</b>	<b>Total</b>
Operating revenues:			
Tuition and fees	\$ 12,563,766	\$ 4,700	\$ 12,568,466
Federal appropriations	129,457	8,404,863	8,534,320
Iowa Industrial New Jobs Training Program	-	187,996	187,996
State appropriations	7,643,077	159,702	7,802,779
Property tax	815,780	2,054,055	2,869,835
Auxiliary enterprises revenue	4,940,960	-	4,940,960
Interest income from investments	25,589	-	25,589
Expended for plant assets, including \$283,580 in current fund expenditures	-	-	-
Miscellaneous	1,166,678	801,535	1,968,213
<b>Total revenues and other additions</b>	<b>27,285,307</b>	<b>11,612,851</b>	<b>38,898,158</b>
Expenditures and other deductions:			
Education and support:			
Liberal arts and sciences	7,349,771	12,571	7,362,342
Vocational technical	2,985,548	281,935	3,267,483
Adult education	2,464,140	1,446,802	3,910,942
Cooperative services	-	116,148	116,148
Administration	1,277,173	1,977,538	3,254,711
Student services	1,678,728	446,292	2,125,020
Learning resources	361,721	427	362,148
Physical plant	2,013,582	-	2,013,582
General institution	2,509,276	189,891	2,699,167
Scholarships and grants	-	6,069,431	6,069,431
<b>Total education and support</b>	<b>20,639,939</b>	<b>10,541,035</b>	<b>31,180,974</b>

See Note to Supplementary Information.

**Schedule 3**

<b>Nonoperating Funds</b>			
<b>Loan Funds</b>	<b>Plant Funds</b>	<b>Adjustments</b>	<b>Total</b>
\$ -	-	\$ (6,069,431)	\$ 6,499,035
-	-	-	8,534,320
-	-	-	187,996
-	413,802	-	8,216,581
-	4,949,408	-	7,819,243
-	-	-	4,940,960
-	-	-	25,589
	2,294,785	(2,294,785)	-
75,598	45,490		2,089,301
75,598	7,703,485	(8,364,216)	38,313,025
-	-	(502)	7,361,840
-	-	(124,827)	3,142,656
-	-	-	3,910,942
-	-	-	116,148
-	-	(115,027)	3,139,684
-	-	(11,000)	2,114,020
-	-	-	362,148
-	905,791	-	2,919,373
-	-	(19,635)	2,679,532
-	-	(6,069,431)	-
-	905,791	(6,340,422)	25,746,343

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****ALL FUNDS****Year Ended June 30, 2012**

	<b>Current Funds</b>		
	<b>General Unrestricted Funds</b>	<b>General Restricted Funds</b>	<b>Total</b>
Expenditures (Continued):			
Auxiliary enterprises	\$ 5,237,646	\$ -	\$ 5,237,646
Loan cancellations and bad debt	-	-	-
Depreciation	-	-	-
Interest on indebtedness	-	169,266	169,266
Expended for plant assets	-	-	-
Disposal of plant assets	-	-	-
<b>Total expenditures and other deductions</b>	<b>25,877,585</b>	<b>10,710,301</b>	<b>36,587,886</b>
Transfers among funds, including			
\$121,800 from agency funds	(1,367,263)	(783,251)	(2,150,514)
<b>Net increase (decrease) for the year</b>	<b>40,459</b>	<b>119,299</b>	<b>159,758</b>
Fund balances beginning of year	3,445,471	2,244,278	5,689,749
Fund balances end of year	<u>\$ 3,485,930</u>	<u>\$ 2,363,577</u>	<u>\$ 5,849,507</u>

See Note to Supplementary Information.

**Schedule 3  
(Continued)**

<b>Nonoperating Funds</b>			
<b>Loan Funds</b>	<b>Plant Funds</b>	<b>Adjustments</b>	<b>Total</b>
\$ -	\$ -	\$ (12,589)	\$ 5,225,057
75,598	-	-	75,598
-	-	2,583,120	2,583,120
-	1,298,539	-	1,467,805
-	2,011,205	(2,011,205)	-
-	172,673	(172,673)	-
75,598	4,388,208	(5,953,769)	35,097,923
-	2,272,314	-	121,800
-	5,587,591	(2,410,447)	3,336,902
33,532	51,587,056	(22,597,743)	34,712,594
\$ 33,532	\$ 57,174,647	\$ (25,008,190)	\$ 38,049,496

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**UNRESTRICTED FUND**  
**EDUCATION AND SUPPORT**  
**Year Ended June 30, 2012**

	<b>Education</b>			
	<b>Liberal Arts and Sciences</b>	<b>Vocational Technical</b>	<b>Adult Education</b>	<b>Cooperative Services</b>
Revenues:				
Tuition and fees	\$ 7,587,997	\$ 3,367,891	\$ 1,238,421	\$ -
Federal appropriations	-	-	129,457	-
State appropriations	-	-	-	-
Property tax	-	-	-	-
Interest income from investments	-	-	-	-
Miscellaneous	448	19,421	150,841	-
<b>Total revenues</b>	<b>7,588,445</b>	<b>3,387,312</b>	<b>1,518,719</b>	<b>-</b>
Expenditures:				
Salaries and benefits	6,638,183	2,726,314	1,886,075	-
Services	198,747	91,220	402,130	-
Materials and supplies	65,066	111,212	120,741	-
Travel	37,663	39,163	44,366	-
Expended for plant assets	-	-	-	-
Miscellaneous	410,112	17,639	10,828	-
<b>Total expenditures</b>	<b>7,349,771</b>	<b>2,985,548</b>	<b>2,464,140</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	238,674	401,764	(945,421)	-
Transfers, nonmandatory	(584,488)	2,250	5,291	-
Net change in fund balances	\$ (345,814)	\$ 404,014	\$ (940,130)	\$ -
Fund balance beginning of year				
Fund balance end of year				
See Note to Supplementary Information.				

Schedule 4

General Adminis- tration	Support				Education and Support Total
	Student Services	Learning Resources	Physical Plant	General Institution	
\$ -	\$ 76,032	\$ -	\$ -	\$ 293,425	\$ 12,563,766
-	-	-	-	-	129,457
7,643,077	-	-	-	-	7,643,077
815,780	-	-	-	-	815,780
25,589	-	-	-	-	25,589
857,773	25,751	14,986	79,884	17,574	1,166,678
9,342,219	101,783	14,986	79,884	310,999	22,344,347
790,587	1,501,083	259,207	1,411,737	1,589,866	16,803,052
228,901	79,581	20,048	396,948	722,022	2,139,597
21,606	55,536	82,237	194,818	110,482	761,698
24,531	12,384	229	3,219	23,642	185,197
-	-	-	6,860	20,137	26,997
211,548	30,144	-	-	43,127	723,398
1,277,173	1,678,728	361,721	2,013,582	2,509,276	20,639,939
8,065,046	(1,576,945)	(346,735)	(1,933,698)	(2,198,277)	1,704,408
(429)	(100)	-	(827,700)	(27,718)	(1,432,894)
\$ 8,064,617	\$ (1,577,045)	\$ (346,735)	\$ (2,761,398)	\$ (2,225,995)	271,514
					2,388,447
					\$ 2,659,961



**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
UNRESTRICTED FUND  
AUXILIARY ENTERPRISES  
ALL FUNDS**

	<b>Bookstore</b>	<b>Cafeteria Vending</b>	<b>Athletics</b>
Revenues:			
Tuition and fees	\$ -	\$ -	\$ -
Sales and services	1,423,540	748,665	425
Miscellaneous	-	-	211,922
<b>Total revenues</b>	<b>1,423,540</b>	<b>748,665</b>	<b>212,347</b>
Expenditures and other deductions:			
Salaries and benefits	182,796	-	474,620
Services	23,407	702,488	47,479
Materials and supplies	1,262	12,215	-
Travel	810	-	4,352
Expended for plant assets	12,589	-	-
Purchases for resale	1,252,083	-	-
Miscellaneous	255,250	7,166	589,424
<b>Total expenditures and other deductions</b>	<b>1,728,197</b>	<b>721,869</b>	<b>1,115,875</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(304,657)</b>	<b>26,796</b>	<b>(903,528)</b>
Transfers among funds, nonmandatory	(106,791)	-	1,053,379
<b>Net change in fund balances</b>	<b>(411,448)</b>	<b>26,796</b>	<b>149,851</b>
Fund balances beginning of year	503,606	272,494	7,443
Fund balances end of year	\$ 92,158	\$ 299,290	\$ 157,294

See Note to Supplementary Information.

**Schedule 5**

<b>Housing</b>	<b>Other</b>	<b>Total</b>
\$ 5,632	\$ 88,954	\$ 94,586
1,712,525	3,252	3,888,407
268,730	477,315	957,967
1,986,887	569,521	4,940,960
484,366	418,225	1,560,007
241,096	92,457	1,106,927
219,276	134,297	367,050
5,364	1,382	11,908
-	-	12,589
-	-	1,252,083
-	75,242	927,082
950,102	721,603	5,237,646
1,036,785	(152,082)	(296,686)
(908,811)	27,854	65,631
127,974	(124,228)	(231,055)
228,760	44,721	1,057,024
\$ 356,734	\$ (79,507)	\$ 825,969

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
RESTRICTED FUND****Year Ended June 30, 2012**

	<b>Insurance</b>	<b>Unemployment Compensation</b>	<b>Early Retirement</b>	<b>Equipment Replacement</b>
Revenues and other additions:				
Tuition and fees	\$ -	\$ -	\$ -	\$ -
Federal appropriations	-	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-	-
State appropriations	-	-	-	-
Property tax	1,150,630	60,347	406,413	335,502
Miscellaneous	-	-	-	-
<b>Total revenues and other additions</b>	<b>1,150,630</b>	<b>60,347</b>	<b>406,413</b>	<b>335,502</b>
Expenditures and other deductions:				
Salaries and benefits	-	51,706	425,228	-
Services	1,169,994	-	-	-
Materials and supplies	-	-	-	218,569
Travel	-	-	-	-
Expended for plant assets	-	-	-	99,882
Interest on indebtedness	-	-	-	-
Scholarships and grants	-	-	-	-
Miscellaneous	(63,319)	-	-	-
<b>Total expenditures and other deductions</b>	<b>1,106,675</b>	<b>51,706</b>	<b>425,228</b>	<b>318,451</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>43,955</b>	<b>8,641</b>	<b>(18,815)</b>	<b>17,051</b>

**(Continued on next page)**

## Schedule 6

Cash Reserve		Iowa Industrial New Jobs Training Program	Workforce Investment Act and Promise Jobs	Scholarships	Other	Total
\$	-	\$	-	\$	4,700	\$ 4,700
-	-	-	872,332	5,920,251	1,612,280	8,404,863
-	-	187,996	-	-	-	187,996
-	-	-	-	-	159,702	159,702
-	-	101,163	-	-	-	2,054,055
-	-	-	-	283,906	517,629	801,535
-	-	289,159	872,332	6,204,157	2,294,311	11,612,851
-	-	(5,802)	628,270	3,207	351,243	1,453,852
-	-	182,252	26,957	-	208,335	1,587,538
-	-	71,358	23,950	-	113,176	427,053
-	-	-	6,851	-	23,966	30,817
-	-	-	-	-	144,212	244,094
-	-	169,266	-	-	-	169,266
-	-	-	-	6,069,431	350,036	6,419,467
-	-	2,258	205,833	166,966	66,476	378,214
-	-	419,332	891,861	6,239,604	1,257,444	10,710,301
-	-	(130,173)	(19,529)	(35,447)	1,036,867	902,550

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES --  
RESTRICTED FUNDS (CONTINUED)**

**June 30, 2012**

	<hr/>			
	<b>Insurance</b>	<b>Unemployment Compensation</b>	<b>Early Retirement</b>	<b>Equipment Replacement</b>
<hr/>				
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ 43,955	\$ 8,641	\$ (18,815)	\$ 17,051
Transfers:				
Non-mandatory transfers in	-	-	-	-
Non-mandatory transfers (out)	-	-	-	-
<hr/>				
<b>Net change in fund balances</b>	43,955	8,641	(18,815)	17,051
Fund balance beginning of year	442,347	45,416	(59,977)	569,527
<hr/>				
Fund balance end of year	\$ 486,302	\$ 54,057	\$ (78,792)	\$ 586,578
<hr/>				

See Note to Supplementary Information.

**Schedule 6  
(Continued)**

<b>Cash Reserve</b>	<b>Iowa Industrial New Jobs Training Program</b>	<b>Workforce Investment Act and Promise Jobs</b>	<b>Scholarships</b>	<b>Other</b>	<b>Total</b>
\$ -	\$ (130,173)	\$ (19,529)	\$ (35,447)	\$ 1,036,867	\$ 902,550
-	764	-	124,506	43,192	168,462
-	(102,176)	-	(109,950)	(739,587)	(951,713)
-	(231,585)	(19,529)	(20,891)	340,472	119,299
264,342	646,108	222,286	38,492	75,737	2,244,278
\$ 264,342	\$ 414,523	\$ 202,757	\$ 17,601	\$ 416,209	\$ 2,363,577

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS**

**AGENCY FUNDS**

**Year Ended June 30, 2012**

	<b>Student Clubs and Organizations</b>	<b>Iowa Small Business New Jobs Training Program</b>	<b>Federal Direct Student Loan Program</b>
Balances, beginning of year	\$ 225,913	\$ 241,577	\$ -
Additions:			
Tuition and fees	167,219	-	-
Federal appropriations	-	-	9,179,531
State appropriations	-	329,541	-
Sales and service	-	-	-
Interest income from investments	-	-	-
Miscellaneous	106,703	-	-
Transfers in	137,656	-	-
<b>Total additions</b>	<b>411,578</b>	<b>329,541</b>	<b>9,179,531</b>
Deductions:			
Salaries and benefits	75	-	-
Services	3,713	271,567	9,179,531
Materials and supplies	-	-	-
Travel	1,900	-	-
Scholarships and grants	-	-	-
Miscellaneous	135,665	-	-
Transfers out	145,533	1,784	-
<b>Total expenditures</b>	<b>286,886</b>	<b>273,351</b>	<b>9,179,531</b>
<b>Net additions and deductions</b>	<b>124,692</b>	<b>56,190</b>	<b>-</b>
<b>Balances, end of year</b>	<b>\$ 350,605</b>	<b>\$ 297,767</b>	<b>\$ -</b>

See Note to Supplementary Information.

**Schedule 7**

<b>Other</b>		<b>Total</b>	
\$	555,559	\$	1,023,049
	262,299		429,518
	-		9,179,531
	-		329,541
	4,336		4,336
	6,454		6,454
	464,829		571,532
	73,457		211,113
	811,375		10,732,025
	217,633		217,708
	68,337		9,523,148
	30,574		30,574
	6,204		8,104
	27,733		27,733
	103,274		238,939
	185,596		332,913
	639,351		10,379,119
	172,024		352,906
\$	727,583	\$	1,375,955



## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

### NOTE TO SUPPLEMENTARY INFORMATION

**Year Ended June 30, 2012**

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Statements presented in the supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting, except for depreciation. The schedule of revenues, expenditures and changes in fund balances is the statement of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses. In order to ensure observance of limitations and restrictions placed on the use of the resources available to the District, the accounts of the District are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions are accounted for and reported by fund group. Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated for specific purposes by action of the governing board. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contract with unrestricted funds over which the governing board retains full control to use in achieving any of its institutional purposes.

All gains and losses arising from the sale, collection or other disposition of investments and other noncash assets are accounted for in the fund, which owned such assets. Ordinary revenue derived from investments, receivables and the like, is accounted for in the fund owning such assets.

The District utilizes the following fund groups:

**Current Funds:** The Current Funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the District and consist of the following:

***Unrestricted Fund*** The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the District. All property tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses, the fixed charges and the expenditures for plant assets that are not paid from other funds.

The Auxiliary Enterprise subgroup accounts for activities which are intended to provide noninstructional services for sales to students, staff and/or institutional departments, and which are supplemental to the educational and general objectives of the District. In addition, it accounts for activities that provide instructional and laboratory experiences for students and which incidentally create goods and services that may be sold to students, faculty, staff and the general public.

***Restricted Fund*** The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

The scholarships and grants subgroup accounts for resources available for awards to students which are not in payment of services rendered to the District and which will not require repayment to the District.

The District has agreements with various businesses under the Iowa Industrial New Jobs Training Program (NJTP). The District administers the program, with the revenues and expenditures being restricted by the State for use in this program. The District is accounting for the activity of the NJTP in the Restricted Current Funds.

**NOTE TO SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2012**

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*Loans Funds* The Loan Funds are used to account for loans to students.

*Plant Funds* The Plant Funds are used to account for transactions relating to investment in the District's properties and consist of the following self-balancing subfunds.

Unexpended: This subfund is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Retirement of indebtedness: This subfund is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

Investment in plant: This subfund is used to account for the excess of the carrying value of plant assets over the related liabilities.

*Agency Funds* The Agency Funds are used to account for assets held by the District in a custodial capacity or as an agent for others. Agency Funds; assets equal liabilities. Transactions of the Agency Funds represent charges or credits to the individual asset and liability accounts and do not involve measurement or revenues or expenditures.

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF CREDIT AND CONTACT HOURS**

**Year Ended June 30, 2012**

<b>Category</b>	<b>Credit Hours</b>		<b>Total</b>
	<b>Eligible for Aid</b>	<b>Not Eligible for Aid</b>	
Arts and Sciences	56,287	-	56,287
Vocational Education	13,042	-	13,042
Adult/Continuing Education	-	-	-
Relative services and activities	-	-	-
	69,329	-	69,329

**Schedule 8**

<b>Contact Hours</b>		
<b>Eligible for Aid</b>	<b>Not Eligible for Aid</b>	<b>Total</b>
1,081,511	-	1,081,511
322,085	-	322,085
302,415	60,288	362,703
-	4,985	4,985
1,706,011	65,273	1,771,284

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES**

**For the Last Six Years**

	<b>Year</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Local Property Tax	<b>\$ 7,819,243</b>	<b>\$ 8,158,905</b>	<b>\$ 8,387,272</b>
State	<b>8,216,581</b>	<b>8,404,161</b>	<b>8,339,792</b>
Federal	<b>8,534,320</b>	<b>10,537,603</b>	<b>9,031,124</b>
<b>Total</b>	<b>\$ 24,570,144</b>	<b>\$ 27,100,669</b>	<b>\$ 25,758,188</b>

**Schedule 9**

<b>Ended June 30,</b>		
2009	2008	2007
\$ 8,007,097	\$ 6,111,570	\$ 2,794,441
9,703,794	9,286,788	8,173,972
5,635,737	5,398,207	4,961,791
\$ 23,346,628	\$ 20,796,565	\$ 15,930,204

# **IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

## **SCHEDULE OF CURRENT FUND REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION For the Last Six Years**

	<b>Year</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Revenues:</b>			
Tuition and fees	\$ 12,568,466	\$ 12,415,322	\$ 11,840,096
Federal appropriations	8,534,320	10,272,918	9,031,124
Iowa Industrial New Jobs Training Program	187,996	734,179	755,284
State appropriations	7,802,779	7,600,479	7,454,587
Property tax	2,869,835	3,352,247	3,414,606
Interest income on investments	25,589	29,730	85,802
Auxiliary enterprises	4,940,960	5,300,121	4,301,360
Miscellaneous	1,968,213	2,017,103	2,334,461
<b>Total</b>	<b>\$ 38,898,158</b>	<b>\$ 41,722,099</b>	<b>\$ 39,217,320</b>
<b>Expenditures:</b>			
Liberal arts and sciences	\$ 7,362,342	\$ 7,039,930	\$ 6,563,330
Vocational technical	3,267,483	4,062,416	3,335,223
Adult education	3,910,942	4,005,771	4,385,891
Cooperative services	116,148	139,859	906,370
Administration	3,254,711	3,760,728	4,185,175
Student services	2,125,020	1,898,797	2,226,385
Learning resources	362,148	308,779	403,881
Physical plant	2,013,582	2,416,501	2,026,131
General institution	2,699,167	3,287,024	3,160,641
Auxiliary enterprises	5,237,646	5,889,583	5,004,438
Scholarships and grants	6,069,431	6,708,968	5,737,046
Interest on indebtedness	169,266	213,873	226,201
<b>Total</b>	<b>\$ 36,587,886</b>	<b>\$ 39,732,229</b>	<b>\$ 38,160,712</b>

See accompanying Independent Auditor's Report.

Schedule 10

<b>Ended June 30,</b>		
2009	2008	2007
\$ 10,569,489	\$ 9,722,717	\$ 9,308,933
5,635,737	5,398,207	4,961,791
126,998	443,054	849,651
9,135,825	8,790,312	8,076,377
3,117,447	2,676,194	2,285,177
168,850	342,254	468,224
3,540,993	3,096,711	3,094,615
2,586,400	2,700,872	1,981,019
<b>\$ 34,881,739</b>	<b>\$ 33,170,321</b>	<b>\$ 31,025,787</b>
\$ 6,608,653	\$ 6,277,936	\$ 5,704,349
3,516,374	3,117,830	2,764,019
4,325,487	4,353,103	4,357,449
123,438	547,971	722,804
3,843,730	2,846,141	2,609,614
2,595,514	2,668,599	2,505,632
531,358	485,317	502,383
1,980,232	1,846,972	1,792,134
2,797,377	2,930,965	2,614,364
3,906,825	3,328,213	3,257,506
3,674,622	3,136,390	2,850,073
259,135	303,319	362,595
<b>\$ 34,162,745</b>	<b>\$ 31,842,756</b>	<b>\$ 30,042,922</b>



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2012**

<b>Federal Grantor/Pass-Through Grantor/Program Name</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>	<b>New Loans</b>
U.S. Department of Education:			
Direct programs:			
Federal Supplemental Educational Opportunity Grants (SEOG)	84.007	\$ 141,728	\$ -
Federal Direct Student Loans	84.268	-	9,179,531
Federal Work-Study Program (FWS)	84.033	148,169	-
Federal Pell Grant Program	84.063	5,630,353	-
<b>Total student financial assistance cluster</b>		<b>5,920,250</b>	<b>9,179,531</b>
TRIO Student Support Services	84.042	210,733	-
Passed Through Iowa Department of Education:			
Vocational education:			
Carl Perkins	84.048A	101,632	-
iCreate Title III	84.031A	137,242	-
Teacher Training	84.002	4,628	-
Adult Basic Education	84.002	106,249	-
ESL	84.002	18,580	-
		<b>129,457</b>	<b>-</b>
<b>Total U.S. Department of Education</b>		<b>6,499,314</b>	<b>9,179,531</b>
U.S. Department of Labor:			
Passed through Iowa Workforce Development:			
Non-ARRA Workforce Investment Act (WIA):			
Adult Formula and Statewide	17.258	117,063	-
Youth and Statewide	17.259	128,978	-
Discretionary	17.260	145,776	-
General Administration	17.260	45,507	-
<b>Total Non-ARRA Workforce Investment Act</b>		<b>437,324</b>	<b>-</b>

(Continued on next page)

## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

Schedule 11  
(Continued)**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**Year Ended June 30, 2012**

<b>Federal Grantor/Pass-Through Grantor/Program Name</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>	<b>New Loans</b>
U.S. Department of Labor (Continued):			
ARRA Workforce Investment Act (WIA):			
ARRA Staff Training	93.717	\$ 2,495	\$ -
<b>Total ARRA Workforce Investment Act</b>		<b>2,495</b>	<b>-</b>
<b>Total Workforce Investment Act Cluster</b>		<b>439,819</b>	<b>-</b>
State Energy Sector Partnership	17.275	334,200	-
WIA National Emergency Grants	17.277	36,764	-
Latham Earmark	59.000	682,224	-
<b>Total U.S. Department of Labor</b>		<b>1,493,007</b>	<b>-</b>
U.S. Department of Health and Human Services:			
Passed through Iowa Workforce Development, Job Opportunities and Basic Skills Training (Promise Jobs)	93.558	395,749	-
<b>Total U.S. Department of Health and Human Services</b>		<b>395,749</b>	<b>-</b>
U.S. Department of Energy:			
Electricity Delivery and Energy Reliability, Research, Development and Analysis - ARRA	81.122	104,639	-
<b>Total U.S. Department of Energy</b>		<b>104,639</b>	<b>-</b>
U.S. Department of Agriculture:			
USDA Precision Ag	10.226	41,611	-
<b>Total U.S. Department of Agriculture</b>		<b>41,611</b>	<b>-</b>
		<b>\$ 8,534,320</b>	<b>\$ 9,179,531</b>

See Note to Schedule of Expenditures of Federal Awards

## IOWA VALLEY COMMUNITY COLLEGE DISTRICT

### NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Iowa Valley Community College District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying Independent Auditor's Report.

**IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Year Ended June 30, 2012**

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**COMMENT**

**CORRECTIVE ACTION**

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**Compliance findings for Federal Awards:**

**III-A-11:** Certain Pell disbursement dates submitted to the Common Origination and Disbursement (COD) system were not accurate. Corrected

**IOWA VALLEY  
COMMUNITY COLLEGE DISTRICT**



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Iowa Valley Community College District:

We have audited the accompanying financial statements of Iowa Valley Community College District, Marshalltown, Iowa, as of and for the year ended June 30, 2012, and have issued our report thereon dated January 7, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Iowa Valley Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Iowa Valley Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Iowa Valley Community College's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Iowa Valley Community College's financial statements will not be prevented or detected and corrected on a timely basis.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Iowa Valley Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Iowa Valley Community College's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the College's responses, we did not audit Iowa Valley Community College's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Iowa Valley Community College and other parties to whom Iowa Valley Community College may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Valley Community College during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Fort Dodge, Iowa  
January 7, 2013



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of  
Iowa Valley Community College:

**Compliance**

We have audited Iowa Valley Community College's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Iowa Valley Community College's major federal programs for the year ended June 30, 2012. Iowa Valley Community College's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Iowa Valley Community College's management. Our responsibility is to express an opinion on Iowa Valley Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Iowa Valley Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Iowa Valley Community College's compliance with those requirements.

In our opinion, Iowa Valley Community College complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.



### Internal Control Over Compliance

The management of Iowa Valley Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Iowa Valley Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Iowa Valley Community College's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Iowa Valley Community College's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the College's responses, we did not audit Iowa Valley Community College's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Iowa Valley Community College and other parties to whom Iowa Valley Community College may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "John & Company LLP". The signature is stylized and fluid.

Fort Dodge, Iowa  
January 7, 2013

# **IOWA VALLEY COMMUNITY COLLEGE DISTRICT**

## **Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2012**

### **Part I: Summary of the Independent Auditor's Results:**

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance that is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) The audit disclosed audit findings that are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (f) Major programs were as follows:

- **Clustered Programs:**

Student Financial Assistance Cluster:

CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grants (SEOG)

CFDA Number 84.268 – Federal Direct Student Loans

CFDA Number 84.033 – Federal Work-Study Program (FWS)

CFDA Number 84.063 – Federal Pell Grant Program

CFDA Number 84.375 – Federal Academic Competitiveness Grant Program (ACG)

CFDA Number 59.000 – Latham Earmark

- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Iowa Valley Community College District did not qualify as a low-risk auditee.

### **Part II: Findings Related to the Financial Statements:**

#### **Internal Control Deficiencies**

No matters were reported.

#### **Instances of Noncompliance**

No matters were reported.

**Schedule of Findings and Questioned Costs  
(Continued)  
Year Ended June 30, 2012**

**Part III: Findings and Questioned Costs For Federal Awards:**

**Internal Control Deficiencies**

No matters were reported.

**Instances of Noncompliance**

No matters were reported.

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-12 Certified Budget – Expenditures for the year ended June 30, 2012 did not exceed the amount budgeted.
- IV-B-12 Questionable Disbursements – No expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-12 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-12 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-12 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-12 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-12 Publication – The District published a statement showing the receipt and disbursement of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.
- IV-H-12 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- IV-I-12 Credit and Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the District were supported by detailed records maintained by the District.

**Schedule of Findings and Questioned Costs  
(Continued)  
Year Ended June 30, 2012**

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa Valley Community College District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*John & Company LLP*

Fort Dodge, Iowa  
January 7, 2013